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Nebraska Retirement Systems Committee
February 09, 2010

[LB979]

The Committee on Nebraska Retirement Systems met at 12:10 p.m. on Tuesday, February 9, 2010, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB979. Senators present: Dave Pankonin, Chairperson; Jeremy Nordquist, Vice Chairperson; Lavon Heidemann; Russ Karpisek; LeRoy Loudon; and Heath Mello. Senators absent: None.

SENATOR PANKONIN: I want to welcome everyone today to the Nebraska Retirement Systems Committee hearing. And we have a few things just to share with you. One of them obviously is to have you either turn your cell phones off or put them on a manner mode so we don't have those interruptions. There are testifier sheets in the corners. If you do plan to testify, we need to have these filled out. There's a tray over there by our committee clerk for you to drop those into, if you are going to testify, when you come forward. I want to introduce the senators that are here. Senator Heidemann must have done a good job because all of a sudden we have people show up and now we're worried about him. But I'll start to my left: Senator Loudon from the 45th District. We have Senator Heidemann from the 1st District. I'm Senator Pankonin from the 2nd District. Senator Nordquist and Senator Karpisek. And I think Senator Mello might be here but he had some other bills he had to introduce this afternoon. He told me on the floor that he might be in, and he might not, and he might have to leave early, so we'll see if he joins us. I also want to introduce our committee clerk, Denise Leonard, to my right, far right; and our committee legal counsel, Kate Allen, that will introduce the bill today that we're going to hear. And our page is Kendra over there; we're glad to have her here. And we also ask that you spell your name if you do come forward to testify. That helps not only our committee clerk but the transcribers. So with that, we'll start our hearing on the bill before us. So go ahead Kate, when you're ready. [LB979]

KATE ALLEN: Thank you. Chairman Pankonin and members of the committee, I'm Kate Allen, spelled K-a-t-e A-l-l-e-n, and I'm legal counsel to the committee. I'm here to offer LB979 for your consideration, which is introduced at the request of the Nebraska Department of Labor. In 1961, the Legislature authorized the Commissioner of Labor to establish an independent retirement plan for employees of the Department of Labor employed in the unemployment insurance and job service programs. By statute, those employees were prohibited from becoming members of the State Employees Retirement System. In 1984, the Legislature closed off the independent retirement plan to new membership. The number of active participants in the independent retirement plan still employed by the department has declined to approximately 60 employees. At some point it may become necessary to terminate the independent plan. If the independent retirement plan is terminated, it is the intent of LB979 that any active participants employed by the department will immediately become members of the State Employees Retirement System and will continue to accrue retirement benefits while employed with the state. LB979 does not provide for a transfer of the employees

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 09, 2010

retirement account in the independent retirement plan to the state system. Retirement benefit rights accrued under the independent retirement plan would continue to be governed by the terms of that plan. Specifically, LB979 amends Section 84-1301 to make existing independent retirement plan employees members of the State Employees Retirement System in the event of termination of the Department of Labor's independent retirement plan, and it amends Section 84-1307 to provide that any members of the Department of Labor's independent retirement plan would become members of the State Employees Retirement System in the event of termination of the independent retirement plan. They would become immediately vested. Department of Labor Commissioner Catherine Lang will testify following me and she can respond to specific questions. [LB979]

SENATOR PANKONIN: Thank you. Are there any questions of our legal counsel? Seeing none, we'll have our next testifier. We're going to have proponent testimony and then we will have opponent testimony and then neutral testimony. So we'll start out with Commissioner Lang. [LB979]

CATHERINE LANG: Thank you, Chairman Pankonin and members of the Retirement Committee. My name is Catherine Lang, C-a-t-h-e-r-i-n-e, Lang, L-a-n-g, and I am the Commissioner of Labor for the state of Nebraska. I appear before you today in support of LB979, and I want to thank the members of the committee for introducing this bill on behalf of the Nebraska Department of Labor. In the late 1950s, the U.S. Department of Labor began to encourage states without retirement plans to create a retirement plan for certain workers paid with federal funds related to unemployment insurance and job service programs. In 1961, the Legislature authorized the Commissioner of Labor to establish an independent retirement plan for certain employees of the Nebraska Department of Labor employed in those programs. When the state retirement system was created in 1963, the Nebraska Department of Labor employees were statutorily prohibited from becoming members of the state retirement system. In 1984, the Legislature closed off the independent retirement plan to new membership, and since then the number of active participants in the independent retirement plan still employed by the department has declined to approximately 61 employees. Because at this point it may become necessary to terminate the independent retirement plan, the intent of LB979 is to ensure that if the plan is terminated any active participant employed by the department will immediately become members of the State Employees Retirement System and will continue to accrue retirement benefits while employed by the state lender, NESPERS. Specifically, LB979 amends the provisions of Nebraska Statute 84-1301 and 84-1307 in the following respects. 84-1301 is amended to make existing independent retirement plan employees members of the state retirement system in the event of termination of the Department of Labor's independent retirement plan, and 84-1307 is amended to provide that any employee of the Department of Labor's independent retirement plan who become members of the state retirement system in the event of this termination would become immediately vested in NESPERS. LB979

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 09, 2010

does not provide for a transfer of the employees retirement account in the independent retirement plan to the state system. Retirement benefits accrued under the independent retirement plan would continue to be governed by the terms of that plan at that point of termination. I would be happy to answer any questions you may have. [LB979]

SENATOR PANKONIN: Thank you, Ms. Lang. And before we ask any questions, I'd like to recognize Senator Heath Mello who has joined us for the hearing today, so--to my left after our legal counsel. Are there any questions for Commissioner Lang? Senator Louden. [LB979]

SENATOR LOUDEN: Yes, thank you, Senator Pankonin. Well, Commissioner Lang, this was a federal plan when it started out, is that correct? [LB979]

CATHERINE LANG: Well, it was encouraged by the federal government and paid for by the federal funds that are granted to the Nebraska Department of Labor. However, it has always been a plan managed by the department and by the Commissioner of Labor. [LB979]

SENATOR LOUDEN: Was that the federal government then, was the contributor along with the employees, to the plan? I mean, who matched the employees' contributions? [LB979]

CATHERINE LANG: The funds from the United States Department of Labor grants. And then if additional resources were necessary, the U.S. Department of Labor would provide those resources. [LB979]

SENATOR LOUDEN: Okay. And then the grants aren't available anymore for that plan? [LB979]

CATHERINE LANG: When the state ceased to...when the state made a determination to cease employee contributions to the plan in the 1990s, the federal government, at that point, deemed that to be a violation of the agreement that had been in place; and therefore, from that point forward, they no longer made contributions to the plan. [LB979]

SENATOR LOUDEN: Did the employees make contributions to the plan? [LB979]

CATHERINE LANG: Not after that point in time, no, they did not, until January 1 of 2010. [LB979]

SENATOR LOUDEN: Okay. No one contributed to it all those years, then, for ten years or whatever, whatever it was? [LB979]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 09, 2010

CATHERINE LANG: I think it was closer to 15. [LB979]

SENATOR LOUDEN: Yeah. Okay. And I'm wondering, was there any reason why that was done? I mean, and now evidently somebody miscalculated or else you wouldn't be in trouble with the thing now. I mean, that's the problem now, is you don't know if there's enough money to finish it out. Is that correct? [LB979]

CATHERINE LANG: We do have concerns about the fiscal viability of the plan going forward in the future. I think at this point approximately the value of the...the market value of the assets is somewhere in about the mid-\$70 million range, and that is certainly below the actuarial valuation for the life of the plan. [LB979]

SENATOR LOUDEN: Okay. And then, well, the state was the one that made the decision to terminate the contributions? [LB979]

CATHERINE LANG: Yes, that is correct. The Nebraska Department of Labor, through the Commissioner of Labor, made that decision. [LB979]

SENATOR LOUDEN: Okay. Then I'm not a lawyer, but then is the state liable for screwing it up and having to straighten it out? (Laugh) [LB979]

CATHERINE LANG: I can't speak to that. [LB979]

SENATOR LOUDEN: Why not? [LB979]

CATHERINE LANG: I do not know the answer to that. [LB979]

SENATOR LOUDEN: Someone must know whether or not the state has some liability here, wouldn't they? [LB979]

CATHERINE LANG: I'm not sure anyone...other people could express their opinion on that. I have no opinion on that. [LB979]

SENATOR LOUDEN: Okay. What I'm wondering is, if those people that are recipients now that are receiving the benefits, if they...if there's such a thing that they could go into court or something like that, take that before some court or anything, and force the state to pick up the difference. [LB979]

CATHERINE LANG: That would have to be a determination they would need to make. [LB979]

SENATOR LOUDEN: Okay. You're a lawyer? [LB979]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 09, 2010

CATHERINE LANG: Yes, sir, I am. [LB979]

SENATOR LOUDEN: Do you think they have a leg to stand on? [LB979]

CATHERINE LANG: I have no idea. I'll let the court make that decision if it were to ever get there. [LB979]

SENATOR LOUDEN: Leave in the laps of the gods, huh? Okay, thank you. [LB979]

CATHERINE LANG: You're welcome. Thank you. [LB979]

SENATOR PANKONIN: Thank you, Senator Louden. Senator Mello. [LB979]

SENATOR MELLO: Thank you, Chairman Pankonin, and thank you, Commissioner Lang. The follow-up I was going to see if Senator Louden asked, has the department asked or requested an Attorney General's Opinion on this issue on whether or not the state is liable for this pension problem? [LB979]

CATHERINE LANG: We approached the Attorney General as we were bringing this issue outside the walls of the agency. And it was determined at that time that there would be a conflict of interest for the Attorney General to be able to consult or provide legal advice to me because at the same time they are also the attorney for the Nebraska Public Employees Retirement System. And so based on that, they authorized the agency to seek the services of outside legal counsel, which we have done. Timothy Moll, with Rembolt Ludtke, is providing outside legal counsel to me as the Commissioner of Labor on this matter. [LB979]

SENATOR MELLO: Would it fall then within the Legislature to request that Attorney General's Opinion then, to determine whether or not the state is liable? [LB979]

CATHERINE LANG: I would leave that to your determination. I don't know that. [LB979]

SENATOR MELLO: Okay. [LB979]

SENATOR PANKONIN: Commissioner Lang...well, Senator Karpisek. [LB979]

SENATOR KARPISEK: Thank you...sorry. Thank you, Senator Pankonin. Commissioner Lang, 60 people are still employed, correct? [LB979]

CATHERINE LANG: That is correct. [LB979]

SENATOR KARPISEK: Now do we know how many are receiving benefits from the plan, and if so, if we would terminate it, would those people also then draw their

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 09, 2010

retirement from the state plan? [LB979]

CATHERINE LANG: Okay. Let me give you the numbers first. Based on the information as of January 7, 2010, there are a total of 342 plan participants. Of the 342, 157 retired prior to November 1, 1998; 115 retired on or after November 1, 1998; 61 are still active employees at the Nebraska Department of Labor; and 9 individuals are inactive. They are still employed. They are not retired but they are plan participants. [LB979]

SENATOR KARPISEK: Okay. So now if we passed this bill, would they go, the retirees even go over and be in the state plan to draw their retirement? [LB979]

CATHERINE LANG: Okay. If LB979 is passed, at the moment it is passed, if the plan right of the Commissioner of Labor to terminate the plan has not been exercised, nothing happens. [LB979]

SENATOR KARPISEK: Correct. [LB979]

CATHERINE LANG: If the plan were to be terminated, then any active employee, on the next day, so to speak, would become eligible to be a member of the Nebraska Public Employees Retirement System and at that time immediately become vested on the contributions made on their behalf, by them and on their behalf, into that system. This bill is not intended to nor do I believe it is drafted in any way that will bring anyone else, any other plan participant in any way, shape, or form, into the Nebraska Public Employees Retirement System. [LB979]

SENATOR KARPISEK: So the ones that are retired now would just keep drawing out of the money that's still in... [LB979]

CATHERINE LANG: In the plan. [LB979]

SENATOR KARPISEK: ...in the independent plan. [LB979]

CATHERINE LANG: They would be under the duties, responsibilities, and provisions of the plan, and so, too, would the active employees. They would have the...they would have that plan also as part of their retirement. But just from that moment forward of the termination if it were to be exercised, they would also move then to NESPERs for every day forward after that of their employment with the state. So it is employees only that we are intending to impact by this legislation. If we don't do it, they have nothing if the plan were to be terminated. And therefore, in order to assure that they, the active employee, the person who is still on the payrolls as of the date of termination, has a retirement system the next day, that's the intent and purpose of LB979. [LB979]

SENATOR KARPISEK: Do you have any best guesses when, what number to dwindle

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 09, 2010

down to or when it may be discontinued? [LB979]

CATHERINE LANG: No, I do not have any knowledge of that at this time. [LB979]

SENATOR KARPISEK: Okay. Thank you. Very good. Thank you, Senator Pankonin. [LB979]

SENATOR PANKONIN: Senator Heidemann. [LB979]

SENATOR HEIDEMANN: You said there was so many that retired before '97 or '98; so many after. There was 61 still active. There was 9...can you explain those 9? [LB979]

CATHERINE LANG: Yes. Those are people who were working for the Department of Labor, were part of this plan while they were employed there. They have left the Department of Labor. They are working somewhere else, and yet they are not yet retired. So they could be a state employee for another agency. They could be working in the private sector. But they are not yet retired. [LB979]

SENATOR HEIDEMANN: Okay. I think I understand it now. Thank you. [LB979]

SENATOR PANKONIN: Senator Nordquist. [LB979]

SENATOR NORDQUIST: What are the contribution rates now that you're paying into the plan for active members? [LB979]

CATHERINE LANG: Okay. As of pay received after January 1...so commencing, I think it started on the 4th, and the first paycheck that contributions were made out of was that last one in January, so a little less than two weeks ago, it is the same contribution as any state employee makes. So it's a 4.8 percent by the employee and 156 percent match by the Nebraska Department of Labor. [LB979]

SENATOR NORDQUIST: Have those been...do you know what the contribution rates were for the employees before they were ceased? [LB979]

CATHERINE LANG: Yes. In the past I think the high was approximately 7 percent. [LB979]

SENATOR NORDQUIST: Okay. Well, if we know that it looks like this plan is underfunded, why did we go back to...why did we go to the 4.8 percent rates? [LB979]

CATHERINE LANG: It was a decision I made. We...while there is information to indicate that 4.8 percent is not enough, we don't really have a number that says what is enough. So it was my determination that contributions should start, and start on January 1 or as

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 09, 2010

of January 1, and until we have better evidence I felt that using a contribution rate similar to every other state employee was reasonable. [LB979]

SENATOR NORDQUIST: Okay. What is the...has there been any movement on doing a whole actuarial study to find what those appropriate amounts are? [LB979]

CATHERINE LANG: We have done an actuarial audit of the plan, but at this moment we have not made a determination as to whether or not to request additional information regarding contributions, but it is in our list of potential topics to look at over time. [LB979]

SENATOR NORDQUIST: Okay. Thank you. [LB979]

CATHERINE LANG: You're welcome. [LB979]

SENATOR PANKONIN: Commissioner Lang...and, Senator Louden, you have another question, but I want to ask a couple that I think from our discussion this noon might help the record. First of all, to your knowledge, when you became Commissioner of Labor, this committee, the Nebraska Retirement System, the Appropriations Committee of the Nebraska Legislature, had no knowledge of this plan's functioning and situation. Is that a fair question statement? [LB979]

CATHERINE LANG: Yes, sir. To the best of my knowledge and understanding that is correct. [LB979]

SENATOR PANKONIN: And in other states that have these type of plans, I think if I remember from earlier briefing there was...is there 6, 7, 8 states that have a plan? [LB979]

CATHERINE LANG: Six or seven--six. Six. [LB979]

SENATOR PANKONIN: Six have this. Are those plans like this one, in that basically the sole discretion for the administration of the plan rests with the Commissioner of Labor of that state? [LB979]

CATHERINE LANG: No, I cannot speak to the administration of that. I don't know the answer to that of those six or seven. [LB979]

SENATOR PANKONIN: But the way that this plan is drawn, that is the true statement for how this plan is administered. Do you have the sole discretion to make decisions regarding the plan...the Commissioner of Labor does. [LB979]

CATHERINE LANG: The Commissioner of Labor is the plan administrator for the independent retirement plan. Yes, that's correct. [LB979]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 09, 2010

SENATOR PANKONIN: And when you stated earlier that the state made the decision to cease contributions, would it be fair to say that that was the Commissioner of Labor at that time? [LB979]

CATHERINE LANG: Yes, sir. That would be correct. [LB979]

SENATOR PANKONIN: Made that decisions? [LB979]

CATHERINE LANG: Yes. [LB979]

SENATOR PANKONIN: Okay. My other question would be: Of the 61 current employees that are in the plan, I think the reason for the bill is so...and just to clarify, they would receive whatever benefits that...if the plan was terminated, they would receive whatever benefits that could be provided in a form of annuities or whatever...lump sums or whatever it could be determined, plus they would then be fully vested in the Nebraska state employees plan. [LB979]

CATHERINE LANG: For any contributions from that day forward. [LB979]

SENATOR PANKONIN: From that point forward, just to clarify. [LB979]

CATHERINE LANG: Yes, sir. That is my understanding of...yes, that is our intention regarding this. Yes. [LB979]

SENATOR PANKONIN: Okay. Thank you. Senator Louden. [LB979]

SENATOR LOUDEN: Yes. I'm kind of concerned about the people that have retired, I guess. Do those people receive COLAs now out of this plan? [LB979]

CATHERINE LANG: The current plan provides for an unlimited COLA in years where a COLA is authorized. And so, yes, they do. For 2010, just for your information, the COLA is zero as determined through the calculation of the cost of living adjustment. [LB979]

SENATOR LOUDEN: But they have received COLAs in other years when the figures showed there was a need for them? [LB979]

CATHERINE LANG: Yes, sir. [LB979]

SENATOR LOUDEN: Okay. And if, as we go forward then, that would be taken out of the plan if they went into the state plan? Or are the people that are already retired and receiving benefits, then they would just get a lump sum or they would get an annuity or something like that, and then that would be the end of the COLA? [LB979]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 09, 2010

CATHERINE LANG: And I will be happy to answer those questions. I want to make very clear that LB979 has no impact on the plan. So to answer the questions regarding the plan, currently...and we just...and I need to restate something. I apologize. Prior to January 1, the plan authorized or provided an unlimited COLA. As of January 1, the plan was amended to modify the COLA. And what I'm going to use is the term "a soft COLA" has then...the plan has been amended to provide a soft COLA. And a soft COLA states that the COLA calculation will be done. And if the plan has assets available to make that adjustment, the cost of living increase adjustment based on the amount calculated, it will be the unlimited COLA. However, if the assets of the plan are not sufficient to meet that obligation, the COLA may be less and all the way down to zero based on the plan assets at the time of that calculation of the COLA and the annual adjustment. [LB979]

SENATOR LOUDEN: Well, my understanding, that's the reason we're here is because there isn't going to be enough money in it, so we're talking about not having any COLAs. [LB979]

CATHERINE LANG: Well, we will not know that until each and every year passes by as long as the plan is in existence. [LB979]

SENATOR LOUDEN: But I mean, that's the reason...that's the concern now: There isn't enough money to service the plan. [LB979]

CATHERINE LANG: There is grave concern that there is not enough value in the plan to meet the obligations of the plan. [LB979]

SENATOR LOUDEN: Right. So therefore there would probably not be any COLAs. [LB979]

CATHERINE LANG: Under the soft COLA as we have recently amended it, that is possible. [LB979]

SENATOR LOUDEN: Okay. Okay, thank you. [LB979]

CATHERINE LANG: The other thing I wanted to answer though, you had asked about annuities. For plan participants who retired prior to November 1 of 1998, as they retired, annuities were purchased based on the option that they chose for their defined benefit. And each and every year after that, if a COLA was authorized, annuities were purchased for them for those COLAs. If you retired after November 1 of 1998, your defined benefit as you chose through your options, your defined benefit was paid out of the assets of the plan. COLAs were not purchased for you. Neither were COLAs purchased--I'm sorry, annuities were not purchased for you. Neither were annuities

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 09, 2010

purchased for your COLAs each and every year after 1998. Your cost of living adjustment amount is paid out of the assets of the plan. And so that's why we always make a distinction between the class of retirees because there are two distinct classes of retirees and they are treated differently. [LB979]

SENATOR PANKONIN: Thank you, Senator Louden. Thank you, Commissioner Lang. I think Senator Mello has an additional question. [LB979]

SENATOR MELLO: Thank you, Chairman Pankonin. Commissioner Lang, maybe my last question regarding the Attorney General's Opinion, I should have maybe followed up with it in the sense that with your outside counsel that represents the Department of Labor, have they issued any kind of legal opinion that could be shared with the Legislature or any other entity in regards to whether or not they believe the state is liable for this unfunded obligation with the independent pension? [LB979]

CATHERINE LANG: I believe I have...I'm in receipt of one letter from the independent counsel, and at your request I would be happy to provide that to you. [LB979]

SENATOR MELLO: Could you provide it to the committee for...? [LB979]

CATHERINE LANG: Yes, sir. [LB979]

SENATOR MELLO: Okay. And I guess my kind of a follow-up question from what Senator Pankonin alluded to, which Senator Louden asked one of my questions, which is the awareness of this grave concern, as you stated, of the unfunded liabilities that we may have. When did this become...and I know there was a hearing or there was a meeting I think to discuss this, but when did we...when did you become aware that we might face a potential problem with this independent pension not having enough assets to pay off the pensions due? [LB979]

CATHERINE LANG: To the best of my recollection, I believe I was made aware of this within in about the first 4-6 weeks of joining the Nebraska Department of Labor, and at that time I brought it to the attention of the administration. And within...and then what we were doing within the agency was gathering and creating for me, as the Commissioner, an understanding of what is it that we have; what are we doing with this; what has been the history; where are all the documents. We needed to gather that all together because it didn't exist. And then I was in communication to keep the administration up to speed on what were we doing within the agency, what information were we gathering. And at some point, I believe in about the spring, and I'm trying to remember exactly, we brought it to the attention of the Legislature--Appropriations Committee and Retirement Committee, in particular--when we had sort of put together our documents and information that we had. And then we were also commencing some additional actions, two of which I believe you are well aware of, which is the hiring of the actuarial

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 09, 2010

audit--the company Milliman performed that actuarial audit for us; and then hiring the outside legal counsel, Tim Moll, with Rembolt Ludtke. And then we are in the process of also seeking a contract with a company to provide investment advice to the Commissioner because we've also been exploring options of working with the State Investment Officer. And at this time it's been determined that they do not have the statutory authorization to be able to contract with us to provide that advice, so we are seeking outside independent advice in that regard. [LB979]

SENATOR MELLO: When did you take...when did you become the Commissioner of Labor? I know it was before my time here, but. [LB979]

CATHERINE LANG: September 15 of 2008 was my first day at the agency. [LB979]

SENATOR MELLO: All right. Thank you. [LB979]

CATHERINE LANG: You're welcome. [LB979]

SENATOR PANKONIN: Vice Chairman Nordquist has a question. [LB979]

SENATOR NORDQUIST: Well, I was just going...I think the investment and who was managing the assets and how that was being handled. But... [LB979]

CATHERINE LANG: They are being managed by Principal. [LB979]

SENATOR NORDQUIST: Okay. [LB979]

CATHERINE LANG: Yes--the company that is the plan provider and the plan administrator. [LB979]

SENATOR NORDQUIST: And you said you do or do not have authority to enter into an agreement with an investment counsel? [LB979]

CATHERINE LANG: I do not. [LB979]

SENATOR NORDQUIST: Okay. Is that something statutorily that the department needs or wants to, or are they comfortable continuing... [LB979]

CATHERINE LANG: At this point we determined that hiring the investment advice...the company that we're currently in communication with is a company called Ennis, Knupp and Associates, and they currently perform work in Nebraska and perform work for the State Investment Officer, so at this point we're proceeding down that path. [LB979]

SENATOR NORDQUIST: Okay. Thank you. [LB979]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Nebraska Retirement Systems Committee
February 09, 2010

SENATOR PANKONIN: Commissioner, one last question. [LB979]

CATHERINE LANG: Yes, sir. [LB979]

SENATOR PANKONIN: And we appreciate you testifying and answering all these questions. But there again I think it's important for the record: The pre- and post-1998 differences in the retiree groups, why did that happen? What's the significance of the pre and post? What changed that caused some that went before to have the annuities and afterwards we had folks coming out of the plan assets for their benefits? [LB979]

CATHERINE LANG: At the time, in 1998, an analysis was performed that indicated that the plan was fully funded and could be self-funded at that point. As well, the plan was modified to add the benefit index which basically said as long as you don't hit a particular threshold, plan assets are available to make the contributions. But for any person retired and for whom they are relying on the plan assets to pay those retirements, if you are...if you get close to that threshold amount then you need to make different investment choices to preserve the value of those assets. So currently...and this occurred as of March of 2009, as we...as the value of the plan decreased, as the value of many plans decreased at that period of time, we hit the point at which we triggered the benefit index, and so we are now sitting with an asset allocation of 80 percent fixed and 20 percent equities. [LB979]

SENATOR PANKONIN: (Exhibit 1) Thank you. Thank you for your testimony. And we'll have other proponent testimony now if there is some for LB979. Seeing none, we will have opponent testimony if there is any. Seeing none, I do want to note in the record that the committee received a letter today from Julie Karavas at Baylor, Evnen, a law firm representing a group of currently retired employees of the Nebraska Department of Labor who are currently receiving retirement benefits under the independent retirement plan. The letter is requested that it be entered as neutral testimony on LB979. A copy of the letter is in the committee notebooks and all the committee members have received that. Any other neutral testimony? Seeing none, that will conclude our hearing today on LB979. We appreciate all who are in attendance and we will take those comments from the Commissioner under advisement. Thank you. [LB979]